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ABSTRACT

A set of definitions are presented to create common cost and gift reporting standards for fund raisers and business officers at colleges, universities, and independent secondary schools. The objective is to bring clarity and consistency to the gift reporting process. In addition, the standards and management reports formats provide useful tools that allow institutions to: compile results of one year's fund-raising program and compare them to previous years; compare its results with those of other institutions; and monitor the relationship between fund-raising efforts and public relations activities. Information is provided on: major revenue sources to be included in the gift income report, although these are not normally included in the institution's financial statements; guidelines for gift valuation (e.g., securities; real and personal property; charitable remainder trusts, pooled income funds, and gift annuities; charitable lead trusts; trusts administered by others; and insurance). Guidelines and definitions are also presented on sources of gifts, donor purposes, current operations, capital, other program data, expenditure types and objects of expenditures, activity categories, and services/supplies and other current expenses. Report forms are included. (SW)

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Management Reporting Standards for Educational Institutions:

Fund Raising and Related Activities

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Foreword

This document was developed by members of the Council for Advancement and Support of Education (CASE) and the National Association of College and University Business Officers (NACUBO). It is the product of a continuing interest on the part of educational administrators throughout the nation to develop the means for better managing their responsibilities. It is also an affirmation on the part of the governing boards and staffs of CASE and NACUBO to cooperate closely in providing the tools for achieving that end.

Management Reporting Standards is, in effect, a set of definitions that will permit university, college, and independent secondary school development program officers and business officers to speak the same language. The standards and the management report formats, when used together, provide sound tools for (a) compiling the results of one's fund-raising program each year for the governing board, the president, donors, and all other interested parties and for comparing the results with those of previous years, (b) making credible comparisons of one's fund-raising results with those of similar, cooperating institutions, and (c) monitoring the relationship between fund-raising efforts and related program activities in public relations.

The definitions in this document have been reviewed and approved by the governing bodies of CASE and NACUBO. They conform to the requirements of NACUBO's *College and University Business Administration* and the American Institute of Certified Public Accountants' guide, *Audits of Colleges and Universities*, as amended. With these definitions, those who head the development and business offices at colleges, universities, and independent secondary schools can work together to identify and make known the ways their respective reports—with their somewhat different purposes—depart from each other and may be reconciled. For example, it is as proper for the development officer to report all the funds given to a university-affiliated foundation as it is for the business officer to report only that portion transferred for expenditure to the institution, but all interested parties should know and understand why the two reports differ.

Through the generosity of the U.S. Steel Foundation, two meetings between development officers and business officers were held in 1977 to consider ways in which cost-effective fund raising could be rewarded. Persons involved in these meetings were: Richard D. Cheshire (now of the University of Tampa), William A. Gregory (U.S. Steel Foundation), Warren Heemann (now of the Georgia Institute of Technology), K. Scott Hughes (now of Peat, Marwick, Mitchell & Co.), Kerry McClanahan (now of Purdue University), Robert W. Meyer (Ohio Wesleyan University), Joel Smith (Stanford University), and Marwin O. Wrolstad (Lawrence University). M. J. Williams (NACUBO) organized and chaired the two meetings.

Early in 1979, Warren Heemann organized a committee of knowledgeable development program officers to begin work on the gift income definitions contained in this document. The other members of that committee were: Richard A. Edwards (CASE), Harvey K. Jacobson (University of Michigan), Roger D. Lathan (University of Rochester), David W. Lawrence (Miami University, Ohio), James F. Ridenour (Western Maryland College), and Jeff Shy (Jeffery R. Shy Associates). Hayden Smith (Council for Financial Aid to Education) also participated in the group's work, although not formally a member, and made many valuable contributions to it.

Crucial funding was awarded the project in 1980 by the Exxon Education Foundation, which has demonstrated a continuing interest in supporting projects that show promise of further improving the management of higher education. We are deeply appreciative of that funding. At about this time the working group was reorganized and new members were added. Gregg O. Lehman (Taylor University), Richard J. Ramsden (Brown University), and Stephen H. Terry (Michigan State University) joined Heemann, Jacobson, and Ridenour to refine the gift income standards and begin work on the expenditure definitions and reporting format. Due to additional responsibilities assumed on their campuses, Dr. Lehman and Mr. Ramsden resigned from the working group in 1981 and were replaced by Peter L. Munger (University of Virginia) and Burton Sonenstein (Wesleyan University). Those of our staffs who, through their thoroughly professional support and knowledge, made val-

uable contributions to the project were Richard Edwards of CASE and Stephen D. Campbell, K. Scott Hughes, James A. Hyatt, Abbott Wainwright, and M. J. Williams of NACUBO.

It must be recognized that these management reporting standards and report formats are evolutionary in nature and that changes are not only inevitable but also desirable. We welcome the comments of the CASE and NACUBO memberships and promise that they will receive the proper attention. Possible modifications notwithstanding, this document represents a major contribution to the development of fund-raising management expertise, management expertise that is required absolutely as educational institutions try to prepare themselves for both the vicissitudes and opportunities of the end of the twentieth century and the beginning of the twenty-first.

D. F. Finn
National Association of College and
University Business Officers

James L. Fisher
Council for Advancement and
Support of Education

Management Reporting Standards for Fund Raising and Related Activities

THIS DOCUMENT provides a set of definitions that will permit college, university, and independent secondary school development program officers and business officers to speak the same language. The standards and management reports, when used together, provide sound tools for (a) compiling the results of one's fund-raising program each year for the governing board, president, donors, and all other interested parties and comparing the results with those of previous years, (b) making credible comparisons of one's fund-raising results with those of similar, cooperating institutions, and (c) monitoring the relationship between fund-raising efforts and related program activities in public relations.

The definitions in this document conform to the requirements in Part 5 of *College and University Business Administration* and in the AICPA guide, *Audits of Colleges and Universities*, as amended. With these definitions, those who head the development and business offices at colleges, universities, and independent secondary schools can work together to identify and make known the ways their respective reports—with their somewhat different purposes—depart from each other and may be reconciled. For example, it is as proper for the development officer to report all the funds given to a university-affiliated foundation as it is for the business officer to report only that portion transferred for expenditure to the institution, but all interested parties should know and understand why the two reports differ.

These standards and management reports are evolutionary; changes are not only inevitable but desirable. Comments from users are welcome, so that the document can be revised to be even more useful.

GIFT INCOME GUIDELINES AND DEFINITIONS

The gift income definitions and reports herein are similar to those of the "Survey of Voluntary Support of Education." Those who adjust their gift accounting procedures to be compatible with this document will find that they are consistent with those used for the annual survey referred to above, conducted by the Council for Financial Aid to Education, the Council for Advancement and Support of Education, and the National Association of Independent Schools.

It must be stressed that certain institutions may choose to report their gift revenues to their particular constituencies in somewhat different but equally reasonable ways. For example, a college that received a gift from a small, family foundation may wish to give credit *in its report to its donors* to the individual member of the family who was responsible for obtaining the gift, rather than to the foundation proper. For the sake of these *management reports*, however, it should be reported as the guidelines prescribe, i.e., as a gift from a family foundation.

In regard to *gift valuation*, it was agreed that, in establishing the standards, the shifting sands of tax legislation and interpretation and the use of Internal Revenue Service formulas for calculating the amount of deduction allowed on various gifts should be avoided. This approach notwithstanding, those persons raising funds for colleges and universities should keep themselves informed of current IRS regulations to avoid jeopardizing the tax position of their institution's supporters.

Sources of gifts are defined as those entities that transferred the gift to the institution. For the purpose of this report, there are two exceptions

to this rule: first, gifts from business-sponsored foundations, such as the Exxon Education Foundation and the General Electric Foundation, are considered to be gifts from the businesses themselves. Second, gifts to institution-affiliated foundations, alumni associations, athletic associations, and the like should be reported with and in the same manner as gifts to the institutions themselves. *It is important to understand that this treatment does not constitute an endorsement of accounting and auditing standards different from those contained in* College and University Business Administration *or in the AICPA guide,* Audits of Colleges and Universities, *as amended. Such treatment for the purpose of this report is not intended to affect the revenues and fund balances of the institution's published financial statements.*

The sums provided in Parts I and II of the gift income report should include only the cash and property received during the institution's fiscal year. They should *not* include unpaid pledges, other unrealized commitments, such as provisions made in the wills of living individuals, or the value of services provided by volunteers. Government support—whether federal, state, local, or foreign—also should *not* be included in the sums reported as private, charitable support. Additional information is requested in Part III of the gift income report so as to obtain a larger picture of the institution's success in developing external sources of support, both in the present and for the future.

The following chart highlights those major revenue sources that are to be included in the gift income report, but are not normally included in the financial statements of the institution. These income amounts should be reconcilable to official financial accounting data. Major revenue sources normally included in the financial statements that are not to be summarized in the gift income report are also highlighted.

General Instructions

Institutions vary in their degree of management reporting sophistication, and the reports that follow take this fact into account. They are meant to summarize financial and other management data in a meaningful way. Some institutions may wish to prepare them on a monthly basis, others on a quarterly or annual basis. It is recommended that all columns and line items be completed. If the level of detail requested is not available, then data in the shaded areas may be omitted.

Each institution may adjust the degree of sophistication of its management reports to its own capacity and need. Some institutions will be able to complete all parts; others should work toward that end.

Guide for Reconciling Gift Income Report to the Financial Statements

Types of Revenues/Receipts	Include in Gift Income Report	Include in Financial Statements (a)
Gifts *to* affiliated foundations	Yes	No
Gifts *from* affiliated foundations	No	Yes
Government grants and contracts	No	Yes
Private contracts	No	Yes (b)
Private grants (restricted)	Yes	Yes (b)
Insurance premiums paid by donor	Yes	No
Changes in insurance policy's cash surrender value	No	Yes

Notes: (a) Private gifts, grants, and contracts reported in statement of current funds revenues, expenditures, and other changes; statement of changes in fund balances; and balance sheet (transfers to and from unrestricted current funds, endowment and similar funds, loan funds, and plant funds).

(b) Only amount expended included in financial statements.

Guidelines: Gift Valuation

Gifts should be valued by the institution on the date the donor relinquished control of the assets in favor of the institution. The amounts reported in this summary should be arrived at without regard to a donor's personal estimation of the gift's value, the worth and date of the gift as reported by the donor to the IRS, or the value placed on it by the IRS in reference to the individual's personal income tax liability. In cases where gifts are made in cash, the valuation should not pose a problem. In cases where gifts are made with securities, real and personal property, in trust, through insurance policies, or bearing some real or implied obligation on the part of the institution, the following guidelines should be observed:

Securities: Institutions should report gifts of securities at market value on the date the donor relinquished control of the assets in favor of the institution. Neither losses nor gains realized by the institution's sale of the securities after their receipt nor brokerage fees or other expenses associated with this transaction should affect the value reported.

Real and Personal Property: Major gifts of real and personal property—such as land, houses, paintings, antiques, and rare books—should be reported at the fair market value placed on them by an independent, expert appraiser. Small gifts of real and personal property—such as rare books and prints—with an apparent worth of less than $5,000 may be valued by a staff member of the institution with some expertise—such as a librarian or professor of art—and that informal valuation may be used for institutional reporting purposes.

Charitable Remainder Trusts, Pooled Income Funds, and Gift Annuities: Gifts made to establish charitable remainder trusts, contributions to pooled income funds, and gift annuities should generally be credited at fair market value, i.e., the full amount of the assets given. In those instances where it is anticipated that a portion of the principal will be returned to the beneficiary in order to meet a payout obligation, the gift should be credited at its net realizable value, i.e., the remainder interest, as calculated by the institution for financial statement purposes. For the purposes of this report, charitable remainder trusts should be reported as gifts for capital purposes (ENDOWMENT AND SIMILAR FUNDS—RESTRICTED INCOME) whether or not the remainder interest has been restricted for endowment.

Example: A donor establishes a unitrust with an institution by transferring stock with current market value of $150,000 at the time delivered. The institution should include $150,000 in its gift totals.

Note: Provision has been made in Part III, "Other Program Data" for citing the full amount (market value) and the net realizable value (remainder interest) of the assets given to establish charitable remainder trusts, to add to pooled income funds, or to purchase gift annuities.

Charitable Lead Trusts: In reporting the value of a charitable lead trust, only the income received from it each year during the period of operation of the trust should be included in an institution's gift totals.

Example: A donor establishes a charitable lead trust with an institution by transferring $500,000 to it with the stipulation that $25,000 will be made available to the institution each year for ten years, after which the assets are to be returned to the donor. Only the $25,000 received by the institution each year should be included in the institution's annual gift totals.

Trusts Administered by Others: The value of the assets of gifts in trust that the institution or the donor has chosen to have administered by others should be included in the institution's gift totals for the year—provided the institution has an irrevocable right to all or a predetermined portion of the income or remainder interest.

Examples: (1) A donor agrees to establish a charitable remainder trust with his college. The college decides that the donor's bank, rather than the college, should serve as trustee. The net value of the trust should be reported in the year it is established, as calculated in accordance with the principles cited above in the section on charitable remainder trusts, pooled income funds, and gift annuities. (2) A donor establishes an irrevocable trust under the control of her bank with $500,000 of assets. The trust is to distribute the income equally each year to her college and her church. The college should report its 50% share of the

value of the trust assets when established. The income from the trust is treated as endowment income and does not appear in the amounts reported under gifts.

Caveat: When an institution is in the position to report the value of a newly established gift in trust, as in the examples above, the source cited would be INDIVIDUALS, not OTHER FOUNDATIONS AND TRUSTS (see below under definition of sources). Also, once the value of the assets has been reported, it should not be included again in some subsequent report, for example, after the death of an individual who set up a charitable remainder trust.

Note: Generally accepted accounting principles for colleges and universities provide for omission of the assets of trusts administered by others from the institution's records as the preferred alternative to the above treatment. However, because an objective of these management reporting standards is to measure fund-raising performance, these assets should be included in the gift totals as stated above.

Insurance: An institution must be named both beneficiary and irrevocable owner of an insurance policy before a policy can be recorded as a gift. Institutions should report the cash surrender value of the policy when given, rather than its face value, as the amount of the gift. If the donor pays further premiums on the policy, the institution should include the entire amount of the premium payment in its gift totals. If the institution elects to pay the premiums, it should consider those payments as operating expenditures and not report increases in the cash surrender value as gifts. Regardless of whether the donor or the institution pays the premiums on a policy it owns, the difference between the cash value and the insurance company's settlement at the death of the donor should not be reported as a gift but rather as a gain on the disposition of assets. In those cases where an institution receives the proceeds of an insurance policy in which it was named beneficiary but not owner, the full amount received should be reported as a gift on the date delivered.

Nongovernment Grants and Contracts: A differentiation must be made between grants and contracts when reporting an institution's gifts. Grant income from private, nongovernment sources should be included in an institution's gift totals; contract revenue should *not* be included. Both private grants and contracts may be awarded on the basis of an unsolicited proposal. Both may be based on line-item budgets submitted to the awarding agency and may involve the institution in at least the responsibility of periodic and final reports on the uses made of the funds. The difference, however, between a private grant and contract may be judged on the basis of the intention of the awarding agency and the legal obligation incurred by an institution in accepting the award.

For the purposes of these management reports, a private grant, like a gift, is bestowed voluntarily and without expectation of any tangible compensation; it is donative in nature. A contract is a written agreement, often negotiated, between the institution and the awarding agency and is enforceable by law. Whereas an institution has the legal responsibility for using funds received as gifts and private grants for the purpose specified by its donors, its obligation to the donor usually does not, and probably should not, exceed the limit. Its responsibility under a contract, on the other hand, normally involves the generation of some tangible product or service, such as a report of research, often for the exclusive or proprietary use of the contracting agency and subject to certain standards of performance and the expectation of economic benefit on the part of the grantor.

It is noted here again that *government* grants and other awards—whether local, state, federal, or foreign—should not be included in these reports.

Definitions: Sources

Sources of gifts are defined as those individuals or organizations, by type, that transmit the gift or grant to the institution. In those cases where a contribution passes through several entities—such as from an individual to an organization to an institution, or from an organization to another organization to an institution—the last of the entities through which it passes before being received by the institution should be cited as its source.

Examples: A gift from the personal foundation

of an alumnus should be identified as coming from FOUNDATIONS. Contributions made by individuals to a church, and then by the church to a college, should be recorded as a gift from RELIGIOUS ORGANIZATIONS rather than as a number of gifts from INDIVIDUALS.

Caveat: For the purpose of this report, contributions from business firms made through their sponsored foundations, such as the Exxon Education Foundation and the General Electric Foundation, should be recorded as coming from CORPORATIONS AND BUSINESSES. Also, college- and university-affiliated foundations, associations, societies, and clubs (as well as alumni association chapters) that have been organized solely for the support of the institution with which they are affiliated should be considered a part of the college or university itself. As an example, a gift made by an alumna to a chapter of her school's alumnae organization should be recorded as a gift from ALUMNI rather than OTHER ORGANIZATIONS.

Matching gifts should be recorded as coming from the organization that made the payment rather than the individual who made the original gift.

ALUMNI: (Column A) Former students—full- or part-time, undergraduate or graduate—who have earned some credit toward one of the degrees offered by the reporting institution.

Examples: For the purpose of this report, an individual who completed only one semester or, indeed, only one degree-credit course with passing grades may be included in the ALUMNI category. An individual who matriculated but did not complete the semester or who enrolled in a special course that did not carry degree credit, offered, for example, through the institution's extension division, should *not* be included in the ALUMNI category.

PARENTS: (Column B) Persons other than those defined above as ALUMNI who are the parents, grandparents, or guardians of either currently enrolled or former students of the reporting institution. An affiliation as an alumnus should take precedence over that of a parent for the purpose of this report.

OTHER INDIVIDUALS: (Column C) All persons who are not classifiable as ALUMNI or PARENTS by the above definitions.

FOUNDATIONS: (Column D) Private tax-exempt entities, whether corporation or trust in legal form, that have been established and are operated exclusively for charitable purposes.

Caveat: Not all grant-making organizations that use the word "foundation" in their titles should be included in this category. The National Science Foundation and the Empire State Foundation, for example, are not *private* tax-exempt entities and, therefore, their grants should not be included in a report of private voluntary support.

CORPORATIONS AND BUSINESSES: (Column E) Corporations, partnerships, and cooperatives that have been organized for profit-making purposes include corporations owned by individuals and families and other closely held companies. Also included in this category are business-sponsored foundations, i.e., those organizations that have been created by business corporations and that have been funded exclusively by their companies. Also included are industry trade associatons.

Caveats: A distinction should be made between a gift made from the business account and one from the personal account of a person who operates a personal or family-owned business or is a participant in a partnership or cooperative. A check drawn from a business account should be credited to the CORPORATIONS AND BUSINESSES category for the purpose of this report. Also, certain private foundations carry names that may cause them to be confused with CORPORATIONS AND BUSINESSES. As an example, the Ford Foundation was established with the personal gifts of Henry and Edsel Ford, not by the Ford Motor Company; therefore, gifts from the Ford Foundation should be included in the totals reported under OTHER FOUNDATIONS AND TRUSTS. Gifts from the Ford Motor Company Fund, as well as those from the General Electric Foundation and the Quaker Oats Foundation, are from business-sponsored foundations and should be reported under CORPORATIONS AND BUSINESSES. Guidance can be obtained from the *Foundation Directory* (published by the Foundation Center, 888 Seventh

Avenue, New York, NY 10019), which cites the principal donor of each foundation's assets.

RELIGIOUS ORGANIZATIONS: (Column F) Includes churches, synagogues, and temples and their denominational entities, hierarchies, and service groups.

FUND-RAISING CONSORTIA: (Column G) Entities that have been formed by a group of cooperating institutions or organizations for the purpose of facilitating their fund-raising activities.

Examples: The United Negro College Fund and the Virginia Council of Independent Colleges are examples of entities to be considered FUND-RAISING CONSORTIA other than governmental agencies.

OTHER ORGANIZATIONS: All organizations not defined above as FOUNDATIONS, CORPORATIONS AND BUSINESSES, RELIGIOUS ORGANIZATIONS, or FUND-RAISING CONSORTIA other than governmental agencies.

Definitions: Donor Purposes

Donor purposes are defined as the purposes for which gifts or grants have been made, as restricted *by the donors*.

Definitions for Part I of the Report: Current Operations

This section of the gift income report includes both gifts given specifically for current operations and also those restricted to a specific current use, such as the maintenance costs of a particular department or research in a designated field.

UNRESTRICTED: (Line 1) Gifts, *including bequests,* given by donors without any restriction, regardless of any subsequent designation by the institution for current operations, to function as endowment, or to construct facilities. In cases where the donor expresses a preference but leaves the decision as to use to the institution, the gift should be reported as UNRESTRICTED.

For purposes of this report, matching gifts from organizations should be reported as *unrestricted* unless the terms of the matching gift state otherwise.

ACADEMIC DIVISIONS (OTHERWISE UNRESTRICTED): (Line 2) Gifts for current operations that have been restricted by the donor for a particular academic division of the institution—such as a college of medicine, school of law, or department of English—but upon which no further restriction has been placed.

Caveat: Gifts for faculty and department staff salaries should be reported under FACULTY AND STAFF COMPENSATION.

FACULTY AND STAFF COMPENSATION: (Line 3) Gifts for current operations that have been restricted by the donor for faculty and staff salaries and employment benefits. Includes gifts in support of sabbatical and other professional leaves for persons in the current employment of the institution. Gifts made to support lecture series and consultants should be reported under OTHER RESTRICTED PURPOSES (Line 9).

Caveat: As an accounting convenience, funds made available for salaries as part of a larger grant for support of a research project may be credited under the RESEARCH category.

RESEARCH: (Line 4) Gifts for current operations that are restricted to scientific, technical, and humanistic investigation. This category includes private grants for individual and/or project research as well as those for institutes and research centers. It does *not* include government grants for sponsored programs.

Caveat: Funds received under contractual arrangements should not be reported as gift revenue. See "Nongovernment Grants and Contracts" under "Guidelines: Gift Valuation" above.

PUBLIC SERVICE AND EXTENSION: (Line 5) Gifts for current operations that are restricted to support of activities established primarily to provide noninstructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities for credit) and cooperative extension services.

LIBRARY: (Line 6) Gifts for current operations restricted to the acquisition, restoration, and preservation of books, periodicals, manuscripts,

maps, audiovisual equipment, and other materials and activities appropriate to a library.

Caveat: Gifts for staff salaries and operation and maintenance of the library should be reported under FACULTY AND STAFF COMPENSATION and OPERATION AND MAINTENANCE OF PHYSICAL PLANT.

OPERATION AND MAINTENANCE OF PHYSICAL PLANT: (Line 7) Gifts credited to this category should include those for current operations restricted to support of the ongoing operation of the physical plant, including its buildings and grounds, other facilities, and equipment. Gifts of $10,000 or less for repairs to existing buildings or for new construction may be credited in this category (see PROPERTY, BUILDINGS, AND EQUIPMENT).

STUDENT FINANCIAL AID: (Line 8) Gifts for current operations that have been restricted by the donor for financial aid to students, whether full- or part-time, undergraduate or graduate. For the purpose of this report, such aid includes both need-based and merit scholarships, graduate fellowships, athletic grants-in-aid, student awards and prizes, and gifts made in support of student work-study arrangements.

Caveat: Funds channeled through the institution for support of students specified by name by the individuals or organizations providing the funds should *not* be reported as gift income anywhere in the report.

OTHER RESTRICTED PURPOSES: (Line 9) All gifts restricted for current operations that cannot be classified as to purpose in one or another of the above restricted categories. (Lines 2 through 8) The general, unspecified support of athletics should be included in this category. Also to be included in this category are all gifts to auxiliary enterprises, hospitals, clinics, and independent operations. Gifts for athletic scholarships should be reported under STUDENT FINANCIAL AID.

RESTRICTED: (Line 10) Gifts for current operations that are limited by donors to specific purposes, programs, departments, or schools.

Caveat: This line would normally remain blank if an institution were capable of reporting in line categories 2 through 9. If not, then only lines 1 and 10 would be reported.

Definitions for Part II of the Report: Capital

This section of the gift income report includes gifts for plant fund accounts, retirement of indebtedness, permanent student loan funds, and endowment and similar funds.

PROPERTY, BUILDINGS, AND EQUIPMENT: (Line 12) Gifts of both real and personal property for the use of the institution, as well as gifts made for the purpose of purchasing buildings, other facilities, equipment, and land for use of the institution; constructing or providing major renovations of buildings and other facilities; and retirement of indebtedness. As an accounting convenience, gifts of $10,000 or less used to purchase, renovate, or construct a facility may be considered as restricted for CURRENT OPERATIONS (see "Definitions for Part I . . ." above) and included under OPERATION AND MAINTENANCE OF PHYSICAL PLANT.

ENDOWMENT AND SIMILAR FUNDS—UNRESTRICTED INCOME: (Line 13) Gifts restricted by donors for endowment, but not bearing any restriction from the donor as to the use of the income the endowment produces.

ENDOWMENT AND SIMILAR FUNDS—RESTRICTED INCOME: (Line 14) Those gifts added to the endowment funds of the institution by donor direction, from which the income is limited by the donor for specific purposes or programs. Charitable remainder trusts should be included in this category whether or not the remainder interest has been restricted for endowment. The endowment funds are those that are required by donors to be retained and invested for income-producing purposes. A gift of property that is not used for institutional purposes but producing income available to the educational program should be considered endowment. Also, a gift of property that is retained for future sale or development should be considered endowment, even though income from it may be deferred until its sale or development.

Examples: A local businessman donates a motel he owns with the understanding that it will be sold and the proceeds used to create an

GIFT INCOME REPORT

Part I: CURRENT OPERATIONS

SOURCE / DONOR PURPOSES	INDIVIDUALS			ORGANIZATIONS					TOTAL
	ALUMNI A	*PARENTS* B	*OTHER* C	*FOUNDATIONS* D	*CORPORATIONS, BUSINESSES* E	*RELIGIOUS ORGANIZATIONS* F	*FUND-RAISING CONSORTIA* G	*OTHER* H	
1. Unrestricted									
2. Academic Divisions									
3. Faculty and Staff Compensation									
4. Research									
5. Public Service and Extension									
6. Library									
7. Operation and Maintenance of Physical Plant									
8. Student Financial Aid									
9. Other Restricted Purposes									
10. Restricted (lines 2–9)									
11. Total—Current Operations									

Part II: CAPITAL

DONOR PURPOSES									
12. Property, Buildings, and Equipment									
13. Endowment and Similar Funds: Unrestricted Income									
14. Endowment and Similar Funds: Restricted Income									
15. Loan Funds									
16. Total—Capital									
17. Grand Total (lines 11 + 16)									

endowment honoring his deceased wife. A second businessman donates a motel, located near campus, but specifies that it is to be used as dormitory space. The first gift should be reported under ENDOWMENT AND SIMILAR FUNDS—RESTRICTED INCOME, the second under PROPERTY, BUILDINGS, AND EQUIPMENT.

Note: Institutions may wish to maintain records of endowment gifts by restricted purpose (see Part III, item III.A).

LOAN FUNDS: (Line 15) Gifts restricted by donors to be available for loans to students, faculty, and staff.

Definitions for Part III of the Report: Other Program Data

The purpose of this section of the gift income report is to provide supplementary information regarding the fund-raising program.

ALUMNI DEGREE HOLDERS (I.A.1.a); Individuals who have been graduated and who have a degree or diploma from the reporting institution.

ALUMNI NON-DEGREE HOLDERS (I.A.1.b): Individuals who have earned degree-credit at the institution but who are not ALUMNI DEGREE HOLDERS.

PARENTS (I.A.2): Persons other than those defined above as ALUMNI who are the parents, grandparents, or guardians of either currently enrolled or former students of the reporting institution. Affiliation as an alumnus should take precedence over that of a parent for the purpose of this report.

FACULTY AND STAFF (I.A.3): Persons other than those defined above as either ALUMNI or PARENTS who are current employees or retirees of the reporting institution. An affiliation as an alumnus or a parent should take precedence over that of faculty and staff for the purpose of this report.

STUDENTS (I.A.4): Persons who are currently enrolled full- or part-time by the reporting institution in a course or courses offering undergraduate or graduate degree credit.

OTHER INDIVIDUALS (I.A.5): All persons who are not classifiable as ALUMNI, PARENTS, FACULTY AND STAFF, or STUDENTS by the above definitions.

INDIVIDUALS OF RECORD (I.B.): Those living persons carried in an institution's file and for whom there are current addresses.

INDIVIDUALS SOLICITED (I.B.): That portion of the INDIVIDUALS OF RECORD who receive at least one solicitation during the course of the reporting year.

Examples: A College may have 21,500 alumni with good addresses in its file but elect one year, for economy's sake, to solicit only those 10,200 persons who have made at least one contribution during the past fifteen years. The INDIVIDUALS OF RECORD: ALUMNI would be 21,500, the INDIVIDUALS SOLICITED: ALUMNI would be 10,200. A university may have 44,000 students in the registrar's files, all with known addresses, and decide to solicit its 10,000 seniors for the first annual gift before their graduation. The number of INDIVIDUALS OF RECORD: STUDENTS would be 44,000; the INDIVIDUALS SOLICITED: STUDENTS would be 10,000.

Caveat: It is assumed that an institution will maintain only a limited number of names and addresses of OTHER INDIVIDUALS on a continuing basis but may solicit a larger number from time to time, for example, through the use of a city directory or a purchased mailing list. Only in such a case would the number of INDIVIDUALS SOLICITED exceed the number of INDIVIDUALS OF RECORD.

GOVERNING BOARD MEMBERS (I.G.): Current, emeritus, and honorary members of the governing board including alumni members, but excluding members of advisory panels.

CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND GIFT ANNUITIES (I.H.): Include annuity trusts and unitrusts (whether funded with cash, securities, real property, or personal property), gifts to a pooled income fund, and gift annuities.

FOUNDATIONS (II.A): Private tax-exempt entities, whether corporation or trust in legal form, established and operated exclusively for charitable purposes. For this report, they are in two categories: (1) PERSONAL AND FAMILY

GIFT INCOME REPORT

Part III: Other Program Data

I. Gifts from Individuals

A. Gifts from individuals for all purposes — *Amount*

1. Alumni — $_____
   a. Degree holders _____
   b. Non-degree holders _____
2. Parents _____
3. Faculty and staff _____
4. Students _____
5. Other individuals _____

Total (grand total, line 17, columns A + B + C) — $_____

B. Individuals—number of record and number solicited

	Of Record		*Solicited*
1. Alumni	_____		_____
a. Degree holders	_____	_____	
b. Non-degree holders	_____	_____	
2. Parents	_____		_____
3. Faculty and staff	_____		_____
4. Students	_____		_____
5. Other individuals	_____		_____
Total	_____		_____

C. Individuals contributing gifts for current operations of less than $5,000

	Number		*Amount*
1. Alumni	_____		$_____
a. Degree holders	_____	_____	
b. Non-degree holders	_____	_____	
2. Parents	_____		_____
3. Faculty and staff	_____		_____
4. Students	_____		_____
5. Other individuals	_____		_____
Total	_____		$_____

D. Individuals contributing gifts for current operations of $5,000 or more

	Number		*Amount*
1. Alumni	_____		$_____
a. Degree holders	_____	_____	
b. Non-degree holders	_____	_____	
2. Parents	_____		_____
3. Faculty and staff	_____		_____
4. Students	_____		_____
5. Other individuals	_____		_____
Total	_____		$_____

E. Individuals contributing gifts of $5,000 or more for either current operations or capital purposes

	Number	*Amount*
1. From living individuals	_____	$_____
2. Through estate settlements	_____	_____
Total	_____	$_____

F. Value of three largest gifts from individuals

1. From living individuals	$_____	$_____	$_____
2. Through estate settlements	$_____	$_____	$_____

G. Members of the governing board (current and honorary) contributing gifts for either current operations or capital purposes

	Number	*Amount*
	_____	$_____

H. Charitable remainder trusts, pooled income funds, and gift annuities

1. Number established _____
2. Full amount (market value) — $_____
3. Net realizable value (remainder interest) — $_____

II. Gifts from Organizations

A. Contributions from foundations

	Number	Amount
1. Personal and family	_____	$_____
2. Other foundations and trusts	_____	$_____

B. Three largest gifts from above foundations $_____ $_____ $_____

C. Gifts from businesses

1. Three largest gifts from businesses $_____ $_____ $_____
2. Number of businesses contributing (exclusive of matching gifts) _____
3. Business matching gifts program data:
   a. Number of matching gifts from businesses _____
   b. Total amount of matching gifts program $_____

III. Other Fund-Raising and Related Data

A. Gifts by donors for endowment: restricted income

	Amount
1. Academic divisions	$_____
2. Faculty and staff compensation	_____
3. Research	_____
4. Public service and extension	_____
5. Library	_____
6. Operation and maintenance of physical plant	_____
7. Student financial aid	_____
8. Other restricted purposes	_____
Total	$_____

B. Support of intercollegiate athletics (includes athletic grants-in-aid)

1. Number of donors contributing gifts restricted for athletics for current operations _____
2. Total amount of gifts restricted for athletics for current operations $_____
3. Number of donors contributing gifts restricted for athletics for capital purposes _____
4. Total amount of gifts restricted for athletics for capital purposes $_____

C. Pledges (*not* to be included in gift totals)
Pledges obtained during the fiscal year but still outstanding at the end of the year

	Number	Amount
1. For current operations	_____	$_____
2. For capital purposes	_____	$_____

D. Testamentary commitments (*not* to be included in gift totals)

1. Number of persons who have made provision for the institution in their estate plans through their wills or insurance programs during fiscal year _____
2. Value of such provisions made during fiscal year $_____

E. Other institutional data (as of end of fiscal year)

1. Educational and general expenditures and mandatory transfers $_____
2. Total current fund expenditures and mandatory transfers $_____
3. Market value of endowment and similar funds (including quasi-endowment) $_____

FOUNDATIONS and (2) OTHER FOUNDATIONS AND TRUSTS (see below).

Caveat: Not all grant-making organizations that use the word "foundation" in their titles should be included in this category. The National Science Foundation and the Empire State Foundation, for example, are not *private* tax-exempt entities and, therefore, their grants should not be included in a report of private voluntary support.

PERSONAL AND FAMILY FOUNDATIONS (II.A.1): Foundations that have been established and continue to be operated as the conduits for the charitable donations of an individual or the immediate members of a family and that otherwise qualify as FOUNDATIONS as defined above.

OTHER FOUNDATIONS AND TRUSTS (II.A.2): All private foundations, as defined above,

and charitable trusts that are not CORPORATIONS AND BUSINESSES or PERSONAL AND FAMILY FOUNDATIONS as defined. As an accounting convenience, gifts from community foundations should be reported here.

Examples: Most of the major private foundations of the nation—such as the Rockefeller, Johnson, and Kellogg foundations—are included in this category.

BUSINESS MATCHING GIFTS PROGRAM (II.C.3): Gifts made by businesses that match the voluntary contributions of the firm's employees or other eligible participants. Matching may be done on a one-to-one, two-to-one, or other basis.

PLEDGES (III.C): Gifts promised but not received from the donor. Report pledges obtained during the fiscal year but still outstanding at the end of the year.

TESTAMENTARY COMMITMENTS (III.D): Provisions made in wills during the fiscal year, through revocable trusts, and in insurance policies for which the college or university has documentation. That documentation might include a photocopy of the pertinent portion of the will, trust document, or insurance policy and/or a letter describing the commitment and its ultimate financial value to the institution. Provisions that name the college or university as a contingent beneficiary should not be included in the totals reported.

Expenditure Guidelines and Definitions

For many years expenditure information and its analysis have been recognized by administrators in higher education as useful tools in managing the internal affairs of their institutions. More recently, the utility of this information for evaluating the effectiveness of fund-raising activities has become more pronounced. It is only through analysis of total giving by source, with funds spent to generate these gifts, that an institution can begin to identify the strengths, weaknesses, and important characteristics of its resource development programs.

The reports and definitions that follow recognize that expenditure analysis is a process of approximation and requires the individual performing cost determinations to exercise judgment based on circumstances relevant to the purposes for which the expenditure information is collected. For the purpose of these reports, the expenditure figures to be reported are those that are readily identifiable with institutional fund raising and its related activities of alumni relations, other constituent relations, and governmental relations. These related activities are presumed to benefit the fund-raising objectives in varying degrees.

In many instances the information obtained from the financial accounting system will not satisfy the information requirements of these reports. Expenditures, such as salary costs, recorded in certain fund groups for financial accounting purposes may have to be combined with expenditures of other fund groups. Furthermore, there are instances where the financial accounting system does not include certain costs, such as retirement plan expense recorded by a state agency. In those cases where these amounts are material, they should be approximated and added to the reported expenditures.

It is recognized that expenditures for fund raising and related activities, as defined below, may represent only a portion of the total expenditures associated with the broad category of "institutional advancement." The expenditures for other activities falling within the category of institutional advancement are meant to be excluded from the following reports. Furthermore, these guidelines make no provision for the reporting of full costs, i.e., the accumulation of all direct and indirect costs attributed to fund raising and related activities. Only those direct expenditures readily identifiable with fund raising, alumni relations, other constituent relations, and governmental relations are to be reported. Direct expenditures of institution-affiliated foundations, alumni associations, athletic associations, and the like are to be reported in the same manner as expenditures of the institution itself.

To develop the amounts to be included in these reports, a review of the financial accounts under the jurisdiction of the chief development officer needs to be undertaken, and allocations need to be made to the four major activities defined below. Certain expenditures are excluded from allocation. In addition, these guidelines recommend that expenditures in other accounts of a

significant nature that are readily identifiable with fund raising and related activities also should be reported. For example, if the president or dean of graduate studies spends a significant portion of time (defined as twenty percent (20%) or more) performing duties in the four activity areas, then a pro rata portion of the person's salary and employment benefits should be reported in the appropriate activity area. The recommended method for allocating these compensation costs is to determine the percentage of time or effort associated with each of the four activity areas and then use that same percentage to allocate salary and benefits to the activity.

Schedule A illustrates how some accounts typically under the jurisdiction of the institutional advancement officer(s) might be analyzed and allocated to fund raising and related activities. It also recognizes transfers from the office of the president and other offices for time spent in these activity areas.

Part I permits reporting of expenditures for GOVERNMENTAL RELATIONS under the category of OTHER CONSTITUENT RELATIONS rather than as a separate category.

Part II is intended primarily for purposes of internal cost-benefit analysis.

Part I of the Report: By Major Activity and Object

The definitions for each activity category and for each object of expenditure follow. As with the gift income report, if the level of detail is not currently available, then data in the shaded areas of the reports may be omitted.

Definitions: Activity

It is well recognized that in the process of undertaking activities associated with the broad program category of institutional advancement, two or more purposes may be served simultaneously. Common expenditures occur in providing these activities. For the purpose of this report, it is assumed that all activities are undertaken for a primary purpose. Secondary benefits from these activities may occur, but no allocation of expenditures is to be made for these secondary benefits.

The following paragraphs define each activity *by primary intent* and provide examples of expenditures to be included and excluded.

FUND RAISING: (Column A) The primary intent of this activity is to solicit private gifts in support of the institution and/or its affiliated foundation(s), whether from individuals or organizations, for current operations or capital, on an immediate or deferred basis.

Include expenditures for:

- soliciting private gifts
- preparing proposals for gifts and nongovernmental grants
- identifying prospective donors
- conducting activities involving prospective donors
- maintaining records on donors and prospective donors
- developing prospect lists (donor research)
- fomulating solicitation procedures for contacting prospects
- establishing and servicing volunteer groups
- conducting special fund-raising events
- participating in fund-raising consortia
- acknowledging appreciation for services and gifts
- employing professional services to assist in obtaining gifts

Exclude expenditures for:

- investment and treasurer functions
- conducting activities not intended primarily for donors or prospective donors (see Columns B, C, and/or D below)

ALUMNI RELATIONS: (Column B) The primary intent of this activity is to develop, maintain, and enhance liaison with alumni and to increase their interest and involvement in institutional affairs.

Included are expenditures for developing, maintaining, and enhancing:

- alumni association membership
- club and chapter activities
- special events, such as homecoming
- noncredit alumni colleges
- publications issued primarily for the institution's alumni community
- travel activities

FUND RAISING AND RELATED ACTIVITIES EXPENDITURE REPORT

Part I: BY MAJOR ACTIVITY AND OBJECT

ACTIVITY / OBJECT	FUND RAISING (Private Gifts) A	PUBLIC RELATIONS		
		ALUMNI RELATIONS B	*OTHER CONSTITUENT RELATIONS* C	*GOVERNMENTAL RELATIONS* D
PERSONNEL COMPENSATION				
Salaries, Wages, and FTEs				
Professional Salaries				
Professional FTEs				
Support Salaries				
Support FTEs				
Employment Benefits				
SERVICES, SUPPLIES, AND OTHER CURRENT EXPENSES				
Communication				
Printing and Duplicating				
Staff Travel				
Nonstaff Travel and Entertainment				
Computing and Data Processing				
Professional Services and Honoraria				
Supplies				
Miscellaneous				
CAPITAL EXPENDITURES AND EQUIPMENT				
TOTAL				

- alumni recruitment of students
- alumni career counseling of students
- activities for recognizing the achievements of alumni
- alumni records for alumni relations activities
- alumni communications

Excluded are expenditures for:

- soliciting financial support from alumni (see Column A)
- preparing publications intended primarily for obtaining funds from alumni (see Column A)
- organizing events primarily to cultivate alumni donors
- offering credit courses attended by alumni

OTHER CONSTITUENT RELATIONS: (Column C) The primary intent of this activity is to develop, maintain, and enhance communication and public relations efforts other than those efforts included under ALUMNI RELATIONS (Column B) and GOVERNMENTAL RELATIONS (Column D) (see note below). Constituency groups include faculty and staff; parents, friends, alumni, and donors; and foundations, business and industry, community, and religious and other groups.

Included are expenditures for developing, maintaining, and enhancing the institution's strategies, plans, and procedures for conducting relationships with constituents through:

- information files or contact sources on the institution's programs, faculty, physical plant, and plans sufficient to meet requests from news media, the governing board, and others; and servicing information requests either orally or in writing
- institutional news bureaus and information services
- publication activities, such as writing, editing, printing procurement, and distribution
- audiovisual services for public relations
- editorial services
- graphics services, including photography
- special events for other than direct private fund-raising purposes
- visitor and guest relations
- research and evaluation, including opinion and attitude studies, readership/listenership surveys, and content analyses
- mailing lists, records, and data files of constituencies

Excluded are expenditures for:

- admissions and student recruitment
- student affairs
- printing plant and copying or duplicating centers
- broadcasting stations
- college catalogs, telephone directories, and handbooks
- intercollegiate athletics
- employee relations
- institutional research where the emphasis is other than communication and public relations
- commencement exercises

Note: If Column D is not used, expenditures associated with GOVERNMENTAL RELATIONS should be reported with OTHER CONSTITUENT RELATIONS (Column C).

GOVERNMENTAL RELATIONS: (Column D) The primary intent of this activity is to develop, maintain, and enhance liaison with federal, state, and municipal executives; elected officials; and agencies.

Included are expenditures for:

- providing two-way communication between the institution and government officials and agencies
- providing information and interpretative services for use during hearings, debates, and briefings
- conducting campus visitations for government officials
- organizing visits to elected officials' home districts
- maintaining a resident staff person during legislative session
- identifying key government leadership
- hosting get-acquainted sessions
- maintaining an information center on governmental support programs

Excluded are expenditures for:

- activities administered by an office of grant and contract administration, research administration, or sponsored programs
- affirmative action and equal opportunity programs

Note: If Column D is not used, expenditures associated with GOVERNMENTAL RELATIONS should be reported with OTHER CONSTITUENT RELATIONS (Column C).

Definitions: Objects of Expenditure

PERSONNEL COMPENSATION

Professional: Report the salary costs (exclusive of employment benefits) of all full-time, part-time, and temporary professional employees (as defined by the institution) in the categories of FUND RAISING, ALUMNI RELATIONS, OTHER CONSTITUENT RELATIONS, and GOVERNMENTAL RELATIONS. If an employee is responsible for more than one area, allocate his or her salary based on estimated effort spent in each area.

Professional FTE: Report the number of full-time equivalent staff members in each category.

Support: Report the salaries and wages (exclusive of employment benefits) of all full-time, part-time, and temporary support and student personnel in accordance with the guidelines provided above under "Professional."

Support FTE: Report the number of full-time equivalent support staff in each category.

Employment benefits: Report the share of benefits paid by the institution for the salaries and wages reported above under "Professional" and

FUND RAISING AND RELATED ACTIVITIES EXPENDITURE REPORT

Part II: BY SOURCE AND OBJECT

SOURCE / OBJECT	INDIVIDUALS			ORGANIZATIONS					TOTAL
	ALUMNI A	*PARENTS* B	*OTHER* C	*FOUNDATIONS* D	*CORPORATIONS, BUSINESSES* E	*RELIGIOUS ORGANIZATIONS* F	*FUND-RAISING CONSORTIA* G	*OTHER* H	
PERSONNEL COMPENSATION									
Salaries, Wages, and FTEs									
Professional Salaries									
Professional FTEs									
Support Salaries									
Support FTEs									
Employment Benefits									
SERVICES, SUPPLIES, AND OTHER CURRENT EXPENSES									
Communication									
Printing and Duplicating									
Staff Travel									
Nonstaff Travel and Entertainment									
Computing and Data Processing									
Professional Services and Honoraria									
Supplies									
Miscellaneous									
CAPITAL EXPENDITURES AND EQUIPMENT									
TOTAL									

"Support." These benefits usually include social security; medical, disability, and life insurance; and retirement plan contributions. In those cases where the financial accounting system does not include certain costs that are material in nature, such as retirement plan costs recorded by a state agency, they should be approximated and added to the institution's expenditures.

SERVICES, SUPPLIES, AND OTHER CURRENT EXPENSES

Communication: Report the cost of postage, telephone, freight, express mail, and advertising space and time.

Printing and duplicating: Report the cost of photocopying, duplicating, and printing production, both in-house and contracted.

Staff travel: Report the cost associated with staff travel, such as conference registration fees, tolls, mileage, parking fees, lodging, and meals.

Nonstaff travel and entertainment: Report the cost associated with the travel of nonstaff persons, guests, visitors, students, and alumni. Report the cost of entertainment, both on- and off-campus, for these individuals.

Computing and data processing: Report the cost of all contracted computer services, word and data processing, and the cost incurred for use of the institution's central computer services. Include automated recordkeeping charges.

Professional services and honoraria: Report legal fees, auditing fees, designer fees, consultant fees, honoraria paid to speakers, and any other payments of a professional nature.

Supplies: Report all supply costs, including stationery and general office supplies, such as carbon paper, accounting pads, staples, paper clips, pencils and pens, file folders, and printed forms. Data processing supplies, such as punch cards, tapes, and ribbons, are also to be reported here, as are photographic film and supplies.

Miscellaneous: Report the cost of items not specifically belonging to categories cited above. These could include custodial, security, maintenance and repair services, insurance, utilities, leases, books and periodicals, membership fees, and other expenditures that may be charged to the institution's public relations and development budget.

CAPITAL EXPENDITURES AND EQUIPMENT

Equipment: Report the cost of all equipment having a value of $500 or more. The amount spent on equipment costing less than $500 may be reported in the "Supplies" category. Because reporting the full cost of a major piece of equipment during the year purchased can badly distort the costs associated with fund raising and related activities, the annual prorated expense based on a schedule of amortization is preferable. If a schedule of amortization is used, the prorated expense must be included in the management report each year until the schedule is completed.

Part II of the Report: By Source and Object

Part II elaborates on the expenditures reported under FUND RAISING (Column A) in Part I.

The source categories in this report (Columns A–H) correspond to and have the same definitions as the source categories (Column A–H) in the gift income report.

The object-of-expenditure definitions in Part II are the same as those used in Part I.